

VIRGILIO M. LAYNO, PLAINTIFF-APPELLANT, VS. I & I EQUIPMENT & SERVICE COMPANY, JUDGE JESUS DE VEYRA OF BRANCH XIV OF COURT OF FIRST INSTANCE OF MANILA AND SHERIFF OF THE CITY OF...

G.R. No. L-23849. September 30, 1969

Ponente: MAKALINTAL, J.

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MAKALINTAL, J.:

This case is before us on appeal by the plaintiff from the order of the Court of First Instance of Manila, Branch XI, dismissing the complaint, upon defendant's motion, in Civil Case No. 52213 and setting aside the temporary restraining order theretofore issued. The antecedent facts as stated in the order are accepted as correct by both parties, to wit:

"The undisputed facts are - that on 8 November 1960 defendant I & I Equipment & Service Company filed a complaint (Civil Case No. 44649) against herein plaintiff in this Court (Branch XIV); on 29 November 1960 the parties entered into a compromise agreement in virtue of which this Court (Branch XIV) rendered judgment approving the said compromise agreement on 1 December 1960. On 15 April 1961, herein defendant, I & I Equipment & Service Company (plaintiff in Case No. 44649), filed a motion for execution dated April 7, 1961, claiming that out of the sum of P32,650.00 mentioned in said decision, herein plaintiff (de-fendant in Case No. 44649) paid only P10,000.00, leaving an unpaid balance of P22,625.00. This motion for the issuance of a writ of execution was granted and the corresponding writ of execution was issued by the Clerk of this Court. On 17 August 1961, plain-tiff herein filed a petition for relief from judgment with this Court (Branch XIV), seeking the annulment and setting aside of the decision in Civil Case No. 44649 on the ground that there was error and mistake committed by this Court (Br. XIV) in rendering its decision, and that there was fraud and deceit of herein defendant I & I Equipment & Service Company as to the total obligation of the herein plain-tiff to said defendant in respect to rentals of the D-8 tractor. On 18 August 1961, this Court (Br. XIV) de-nied the petition for Relief from Judgment on the ground that the period prescribed in Rule 38 had already lapsed, that the fraud alleged in the petition is intrinsic, and that the petition for relief is insufficient in form and substance under Rule 38, Section 4, Rules of Court. Herein plaintiff then filed with the Court of Appeals Peti-tion for Certiorari with Injunction, which petition was dismissed by the Court of Appeals in its decision of 31 January 1962, holding that this Court (Br. XIV) has not acted with grave abuse of discretion in denying the petition for relief from judgment, with costs against herein plaintiff, petitioner therein. At present a motion for an alias writ of execution in Case No. 44649 filed by herein defendant I & I Equipment & Service Company on 14 November 1962, and a contempt charge against plaintiff herein (defendant in Case No. 44649) which arose as a result of an attempt to execute the decision in that case are the subject of proceedings before this Court (Br. XIV). Herein plaintiff filed this complaint on 15 November 1962, which was assigned to this Branch, seeking the annulment of the decision in Civil Case No. 44649, with a prayer for a writ of preliminary injunction to enjoin Branch XIV from proceeding with the execution of the decision and the contempt proceedings."

On 29 November 1962 the defendants moved to dismiss the complaint on two grounds: (1) that it does not state

any cause of action and (2) that if it states a cause of action the same is barred by prior judgment. In granting a motion to dismiss the court a quo ruled that it was with-out jurisdiction to entertain the complaint; more specifical-ly, citing *Cabigao vs. del Rosario*, 44 Phil. 182, "that no court has power to interfere by injunction with the judg-ments or decrees of a court of concurrent or coordinate jurisdiction having an equal power to grant the relief sought by injunction . . . (that) the various branches of the Court of First Instance of Manila are in a sense coordinate courts and to allow them to interfere with each other's judgments or decrees by injunction would obviously lead to confusion and might seriously hinder the administration of justice."

In this appeal, originally taken to the Court of Appeals but subsequently certified by it to us, there being no question of fact involved, the appellant assigns several errors, which may be categorized into two main propositions: first, that the subject-matter of the action, which is one to set aside, or annul a judgment on the ground of fraud, is within the jurisdiction of the Court of First Instance of Manila - not exclusively of any particular or individual branch thereof, nor necessarily of that branch alone which rendered said judgment; and second, that once such jurisdiction is conceded, the court that actually takes cognizance of the case has the power or authority to issue a writ of injunction to restrain the court which rendered the judgment from enforcing the same by execution. *Cabigao vs. del Rosario*, supra, according to the appellant, merely lays down a general rule based on comity or necessity out of respect and due regard for a coordinate tribunal, but which rule is subject to exceptions in appropriate cases.

The appellant submits that insofar as the motion to dismiss filed by the defendants in the lower court is concerned the only issue is whether or not the complaint in Civil Case No. 52213 states a cause of action.

The appellees, in addition to refuting the appel-lant's assignment of errors, make a counter-assignment of their own for the purpose of sustaining the correctness of the order of dismissal, alleging that the lower court erred "(1) in not holding that the complaint in Case No. 52213 did not state a cause of action; and (2) in not hold-ing that the appellant's cause of action, if any, is barred by prior judgment."

It may be observed, in passing, that the issue of jurisdiction would not have arisen if Case No. 52213, filed to annul or set aside the judgment in Case No. 44649, had been assigned to Branch XIV of the Manila Court of First Instance, which was the court which rendered the said judgment. In fact the appellees suggest that the appellant could and should have requested the reassignment of the case to said branch. But since jurisdiction is conferred by law[1] and, considering the subject-matter of the action, it is conferred in this case on the Court of First Instance in the generic sense and not on any particular branch thereof, it may not indeed be altogether free from doubt if the con-tinued viability of the action from the point of view of jurisdiction should depend upon the entirely fortuitous cir-cumstance of its assignment to one or another branch of the same court.

However, we see no need to resolve this issue definitely herein, since the order of dismissal must be sustained on another ground, namely, that the appellant's cause of action is barred by prior judgment. It is to be noted that in their complaint the appellants allege ex-trinsic fraud on the part of the appellee I & I Equipment & Service Company, the fraud consisting of the fact that the latter had the complete records of all the payments already made to it by the appellant but concealed some of them when the said compromise agreement was entered into and when it was submitted to the court for the corresponding judgment of ap-proval. This is the same fraud alleged and relied upon by the appellant in his petition for relief from said judgment, which was denied by the trial court and subsequently by the Court of Appeals. The latter court then held (CA-G. R. No. 29845-R):

"Besides, the alleged fraud is intrinsic so that it cannot be basis for the petition for relief. The peti-tioner is an attorney-at-law so that his claim that he was not given time to consult his record is incredible or without basis. Besides, his claim that there was assurance made by the respond-ent company that inaccuracies in the compromise agreement would be adjusted should have been included in the com-promise agreement, if that

were true, which is not so, in the instant case, the alleged fraud consisted solely in the petitioner's claim that the respondent company deliberately misled him as to the correct amount of his obligation to the company but this did not deprive him of his day in court. He could have refused to execute the compromise agreement. He could have filed an answer and presented evidence, if he had any, to contradict the evidence of the company at the trial. He could have put at issue at the trial the correct amount of his obligation to the company so that if he was misled as to the correct amount of his obligation we believe the fraud if any, was intrinsic.

"The distinction in treatment of extrinsic and intrinsic fraud, traces to the natural desire to assure finality to parties litigant. The line of finality, therefore, is allegedly drawn between that which was or could have been put in issue at the former trial or that; which could not." (Moore's Federal Practice, 3269)

"A judgment can be annulled by a separate action after it has become final only for extrinsic fraud, not for alleged perjury or the withholding of information from the court, as otherwise there would be no end to litigation, perjury being of such common occurrence in trials." (Almada v. Cruz, 47 O.G., 1179, Sept. 30, 1949, G.R. No. L-1696.)

Moreover, the Court of Appeals in the same decision made an express finding that "there was no fraud or mistake in connection with the execution of the compromise agreement..."

The appellant insists that the fraud committed by the appellees is not intrinsic but extrinsic, as alleged in the complaint in this case. For indeed, to be a ground to annul a judgment the fraud must be extrinsic to the litigation.[2] The insistence is futile, for precisely it is this very question concerning the nature of the fraud that was settled in CA-G. R. No. 29845-R. The Court of Appeals ruled that the fraud was intrinsic, and that ruling may no longer be reopened.

WHEREFORE, the order appealed from is affirmed, with costs.

Concepcion, C.J., Dizon, Zaldivar, Ruiz Castro, Fernando, Capistrano, Teehankee, and Barredo, JJ., concur.

[1] SEC. 44, Judiciary Act of 1948.

[2] Almeda, et al., vs. Cruz, 47 O.G. 1179; Labayen vs. Talisay-Silay Milling Co., 68 Phil. 376; Varela vs. Villanueva, et al., 50 O. G. 4242; Tarca et al., vs. Carretero, 52 O. G. 3558.)

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